

## **RESOLUTION NO.**

**WHEREAS**, Austin Energy is the nation’s eighth-largest municipally-owned electric utility and enjoys a reputation as an industry leader that delivers clean, affordable, reliable energy and excellent customer service; and

**WHEREAS**, Austin Energy is the City of Austin’s largest asset, and the City Council now governs the utility directly;

**WHEREAS**, the Electric Utility Commission has recommended changing the governance of the electric utility to an independent board of trustees; and

**WHEREAS**, on February 14, 2013, City Council passed Resolution 20130214-046 directing the City Manager to “craft an ordinance that would create and define the powers and duties of an independent board of trustees”; and

**WHEREAS**, the impending decision about transferring responsibilities to an external board would be one of the most significant in the utility’s last 100 years and must be undertaken with access to the most recent, thorough data and information; and

**WHEREAS**, many documents provide comparative data about Austin Energy in relationship to other municipally-owned utilities in Texas and large municipally-owned utilities across the nation, but no one document compiles the disparate information into a coherent and consistent survey illustrating how Austin’s utility compares to those governed by independent boards; and

**WHEREAS**, the August 2012 “Governance Study of Public Power Utilities for the City of Austin,” prepared in response to Council Resolution 20120607-038,

described governance models of nine Texas municipal utilities and seven municipally-owned utilities outside of Texas; and

**WHEREAS**, a binder compiled by staff and Electric Utility Commissioner Shudde Fath in 2012 includes surveys and presentations comparing governance, bond ratings, rates, and other elements of relevance, but this information appears in multiple documents that each compare Austin Energy to different groups of utilities; and

**WHEREAS**, the City Auditor’s 2012 “Austin Energy Rate Proposal Audit” compares Austin Energy’s proposed rates, reserve funds, debt service coverage, and debt ratio to three different groupings of utilities; and

**WHEREAS**, Economic Growth and Redevelopment Services prepared a white paper in July 2011 (revised in March 2012) that reviews Austin Energy’s support of economic development in relationship to fourteen other utilities; and

**WHEREAS**, Navigant Consulting’s December 2010 “Financial Position Review” compares Austin Energy’s rates and financial metrics to several other utilities within and outside the state; and

**WHEREAS**, the “Austin Energy Affordability Benchmarking Study — Evaluation of Electricity Rates and Bills” measures Austin Energy against other Texas utilities; and

**WHEREAS**, none of the reports and information described above present a comprehensive picture of how Austin Energy compares to utilities governed by independent boards; and

**WHEREAS**, a thorough analysis of how Austin Energy compares to municipal utilities governed by independent boards would provide a solid foundation for the Council to make decisions related to utility governance; and

**WHEREAS**, the Council believes all decisions related to Austin Energy must be based on sound policy, research, and data and remains committed to ensuring that any decisions related to Austin Energy further the utility's mission and serve the best interest of ratepayers; **NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN**

The City manager is directed to provide a report comparing Austin Energy to other municipal utilities managed at least in part by an independent board, both in Texas and those of similar size across the nation. In selecting the utilities for comparison, the report should include only municipally-owned retail electric utilities that own generation assets.

The report should evaluate each utility in terms of the goals critical to Austin Energy's stated mission.

The report should use the metrics below (or whatever data can feasibly be gathered within the timeframe mentioned below), which have been drawn from bond rating agency documents, Austin Energy's strategic plan, utility financial statements and bond documents, and a variety of utility benchmarking studies. The list is not all-inclusive, and the City Manager staff is encouraged to include additional measures that relate to Austin Energy's goals and mission and aid in understanding how the governance transition may have impacted performance. To this end, the City Manager shall select reasonable timeframes for these measures and, when relevant, provide data for several years before and several years after a governance transition, if feasible within the timeframe noted below. Whenever possible, the report should note which particular programs or initiatives at Austin Energy have been directed by City Council policy.

As the Council has undertaken a process of determining which responsibilities could be transferred to an external board, the report should be provided to Council no later than the second week of April 2013.

## **Metrics**

### **Utility Profile**

Municipally-owned Utility (MOU) – Council governance

Municipally-owned Utility (MOU) – Independent Board governance

Service area economy as demonstrated by GO bond rating for the City in which the utility is located

Total customers

Total residential customers

Size of service territory (square miles)

Type of utility (include retail electric service providers, and exclude wholesale or distribution only utilities).

Owner of electric generation? If yes, total MW capacity.

Electric peak demand (most recent year)

Diversity of power supply (fuel mix)

Member of Large Public Power Council (LPPC)?

### **Core Overall Performance Indicators**

#### **Financial Integrity**

Current bond rating

Total revenue

Revenue growth over prior year

Total kWh sales

KWh sales growth over prior year

Liquidity measure (days cash on hand or days liquidity on hand)

Equity capitalization

Debt service coverage (DSC)

General Fund Transfers as % of operating revenue

Total debt outstanding

Debt per customer

### **Rates**

Rate setting record (dates and amounts of change[s] over last 20 years based upon availability of information)

### **Rate Competitiveness (within ERCOT market only)**

Rates by class (ERCOT market only)

Rate competitiveness within state and region

### **Staff**

Salaries using most recent Large Public Power Council Executive Salary Survey  
Summary Report

### **Operational Efficiency and Effectiveness**

Reliability of utility service as measured by:

- System Average Interruption Frequency Index (SAIFI)
- System Average Interruption Duration Index (SAIDI)

### **Sustainability and Stewardship**

Renewable portfolio goal

Current renewable percentage of power mix

Quality of renewable program as determined by ranking by U.S. Department of Energy's National Renewable Energy Laboratory (NREL) for renewable energy sales

\*Energy efficiency and demand side management (DSM) (Performance metric to be determined based upon availability of information across all utilities surveyed. May include DSM MW savings goal and actual performance or other measures.)

### **Innovation and Leadership**

Awards and recognition by the following organizations within the past two years:

- U.S. Environmental Protection Agency
- U.S. Department of Energy
- American Public Power Association (APPA)

- Texas Public Power Association (TPPA)
- Others related to utility performance

**Consumer Satisfaction**

Customer satisfaction as measured by the most recent American Customer Satisfaction Index (ACSI) Survey or J.D. Powers Customer Satisfaction Survey or other relevant customer survey

\*Customer assistance programs. (Performance metric to be determined based upon availability of information across all utilities surveyed. May include fixed monthly customer charge.)

**Transparency and Accountability**

\*Performance metric to be determined based upon availability of information across all utilities surveyed.

**ADOPTED: \_\_\_\_\_, 2013 ATTEST: \_\_\_\_\_**

Jannette S. Goodall  
City Clerk